

Message Text

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PAGE 01 MTN GE 03171 261820Z

22

ACTION STR-04

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INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

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ACTION STR

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SUBJ: TROPICAL PRODUCTS CONSULTATION - GHANA

1. SUMMARY: US DEL (GRAEF, MALISH) MET WITH GHANA
MTN DEL (GLOVER) TO ELABORATE ON US MARCH 1 OFFER
TO NEGOTIATE MFN TARIFF CONCESSIONS IN TP GROUP, AND
TO PROVIDE THE DELEGATE FROM GHANA WITH US PROPOSAL
FOR SPECIFIC CONTRIBUTIONS THAT GHANA COULD MAKE TO
TH TP NEGOTIATION. US DEL NOTED THAT THE UNITED STATES
IN TAKING INTO ACCOUNT PARA 5 OF THE TOKYO DECLARATION
HAD NOT SOUGHT FULL RECIPROCITY FROM GHANA. THE GHANIAN
DELEGATE WAS GENERALLY NON-COMMITTAL ABOUT THE US
OFFER OR THE REQUESTED CONTRIBUTIONS. HE RAISED THE
ISSUE OF SPECIAL ATTENTION TO THE NEEDS OF THE LEAST
DEVELOPED AMONG THE DEVELOPING COUNTRIES (PARA 6 OF THE
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PAGE 02 MTN GE 03171 261820Z

TOKYO DELCARATION). HE REQUESTED A LATER CONSULTATION

TO GIVE HIS VIEWS AS TO BOTH THE US OFFER AND
THE REQUESTED CONTRIBUTIONS. END SUMMARY

2. ELABORATION OF THE US TROPICAL PRODUCTS OFFER
US DEL NOTED THAT THE US HAD TAKEN INTO ACCOUNT
PARAGRAPH 5 OF THE TOKYO DECLARATION AND WAS NOT
SEEKING FULL RECIPROCITY. RATHER US BELIEVED
THAT PROPOSAL WAS CONSISTENT WITH GHANA'S DEVELOP-
MENT FINANCIAL AND TRADE NEEDS. THE US DEL NOTED
THAT THE US OFFER COVERED ABOUT \$3 MILLION IN IMPORTS
FROM GHANA BASED ON 1973 STATISTICS, AND ABOUT
\$1 MILLION ON THE BASIS OF 1974 STATISTICS. OUT OF
ELEVEN GHANIAN REQUESTS US HAD MADE OFFERS ON TWO
ITEMS, SEVEN ITEMS WERE COVERED BY GSP AND TWO ITEMS
WERE ALREADY DUTY FREE. US OBSERVED THAT MAXIMUM
REDUCTION ON TSUS 156.35 (COCOA BUTTER) TO DUTY FREE,
WOULD BE DIFFICULT TO BIND, UNLESS MEANINGFUL
CONTRIBUTIONS WERE ACHIEVED IN TP NEGOTIATION.

3. THE GHANIAN DELEGATE STATED HIS GOVERNMENT WAS
STUDYING THE US OFFER, BUT THAT GHANIAN STATISTICS
AND TRADE DATA WERE MUCH IN ARREARS. THE US DEL
CITED TRADE STATISTICS ON ITEMS OF INTEREST (COCOA
AND COCOA PRODUCTS) TO GHANA FOR THE YEARS 1972 THROUGH
1974.

4. IN COMMENTING ON THE FACT THAT GHANA'S SHARE
OF US IMPORTS OF BOTH COCOA BUTTER AND COCOA BEANS
HAD DECLINED, THE GHANIAN DELEGATE ASKED IF THIS
DECLINE MIGHT NOT BE A REFLECTION OF THE FACT THAT
THUS IS NOT A MEMBER OF THE INTERNATIONAL
COCOA AGREEMENT. US DELEGATE REPLIED THAT GHANA
MIGHT BE SELLING MORE OF ITS COCOA PRODUCTS IN
OTHER MARKETS BUT WE HAD NO DATA ON SHIFTS IN
GHANIAN TRADE PATTERNS.

5. THE LACK OF OFFERS ON NON-TARIFF MEASURES
US DEL EXPLAINED THAT IN CONNECTION WITH
STATE SALES TAXES ON COCOA, COCOA POWDER, UNSWEETENED CHOCOLATE,
ETC., SUCH TAXES IN THE US WERE GENERALLY LEVIED AT A
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PAGE 03 MTN GE 03171 261820Z

RETAIL LEVEL AND THAT THESE PRODUCTS WERE BASICALLY
INTERMEDIATE PRODUCTS. US REMAINED UNPERSUADED
THAT STATE SALES TAXES WERE, IN FACT NON-TARIFF
MEASURES, AND SALES TAXES WERE NOT NEGOTIABLE.

6 ONE ITEM ON GHANA'S REQUEST LIST INDICATED A US
GLOBAL QUOTA ON TSUS 175.57, OTHER OIL-BEARING NUTS
AND SEEDS INSPF. THE US DELEGATE EXPLAINED THAT

WE WERE NOT AWARE OF A QUOTA ON THIS PARTICULAR ITEM AND ASKED FOR ELABORATION.

7. US TP OFFERS AND GSP - THE GHANIAN DELEGATE ASKED ABOUT THE RELATIONSHIP BETWEEN THE US TROPICAL PRODUCTS OFFER AND GSP. US DELEGATE RESPONDED THAT GSP WAS NOT NEGOTIABLE, IS UNILATERAL IN NATURE, DOES NOT REQUIRE RECIPROCITY, AND BEING UNBOUND MIGHT BE FOR A LIMITED TIME FRAME. OUR OFFERS IN TROPICAL PRODUCTS ON THE OTHER HAND, WERE OF A MORE PERMANENT NATURE IN THE FORM OF A BINDING ON AN MFN BASIS. BINDING HOWEVER WAS RELATED TO IMPLEMENTATION A QUESTION ON WHICH WE HAD NO POSITION AT THE BEGINNING OF A NEGOTIATION. WE NOTED THAT THE TRADE VALUE IN OUR TROPICAL PRODUCTS OFFERS WAS PRIMARILY TO LDCS AND NOT DCS AND THA THEREFORE WE COULD MAKE AN MFN OFFER ON THESE ITEMS WITH CONFIDENCE THAT THE CONCESSIONS WOULD BE PRIMARILY OF BENEFIT TO DEVELOPING COUNTRIES.

8. THE LEAST DEVELOPED OF THE DEVELOPING COUNTRIES THE GHANIAN DELEGATE RAISED THE ISSUE OF SPECIAL ATTENTION TO THE NEEDS OF LEAST DEVELOPED OF THE DEVELOPING COUNTRIES. THE US DEL RESPONDED THAT THE MTN HAD NOT COME TO GRIPS WITH THIS ISSUE YET SINCE IT WAS HARD TO MAKE SPECIAL PROPOSALS FOR THE LEAST DEVELOPED OF THE DEVELOPING COUNTRIES WHEN NEITHER GENERAL PROCEDURES NOR SPECIAL AND DIFFERENTIAL TREATMENT FOR DEVELOPING COUNTRIES HAD YET BEEN FINALIZED.

9. PRESENTATION OF US PROPOSED CONTRIBUTIONS
US DEL PRESENTED THE LIST OF PROPOSED CONTRIBUTIONS
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PAGE 04 MTN GE 03171 261820Z

THAT THE US SEEKS FROM GHANA TO TP NEGOTIATIONS. THE GHANIAN DELEGATE ASKED IN REACTION TO THE AIR-CONDITIONERS OVER THREE-HORSEPOWER ALREADY FREE IN THE GHANIAN TARIFF WHETHER OR NOT WE WANTED A BINDING. THE US DEL REPLIED THAT THAT WAS WHAT WE WERE SEEKING. THE GHANIAN DELEGATE SAID THAT HE COULD NOT REACT IMMEDIATELY, EXPLAINING THAT THE GHANIAN IMPORT MECHANISM HAD TO TAKE INTO ACCOUNT BUDGETARY PROBLEMS, LOCAL ISSUES, ETC. THE US DEL EMPHASIZED THAT WE WERE IN A NEGOTIATION AND THAT WHILE WE THOUGHT THE PROPOSED CONTRIBUTIONS WE SUGGESTED WERE "DOABLE" THAT PERHAPS COUNTER OFFERS COULD BE MADE. THE GHANIAN DELEGATE ASKED WHAT WOULD HAPPEN IF GHANA WAS NOT ABLE TO REACT TO THE PROPOSED CONTRIBUTIONS. THE

US DEL NOTED THAT WE HOPED FOR A REACTION BUT WERE NOT PREPARED TO SAY WHAT WOULD HAPPEN AT THIS STAGE IF NONE WERE FORTHCOMING. WE DID NOTE THAT FOR THE PRODUCTS GHANA WAS MOST INTERESTED IN THAT IT WAS NOT THE PRINCIPAL SUPPLIER.

10. GHANA'S IMPORT SYSTEM - AT THE CONCLUSION OF THE MEETING US DEL ASKED, AS A MATTER OF GENERAL INTEREST, TO WHAT EXTENT DID TARIFF REVENUES CONTRIBUTE TO GHANA'S NATIONAL BUDGET. WITHOUT ANSWERING THIS QUESTION THE GHANIAN DELEGATE VERY FRANKLY ADMITTED THAT IMPORT DUTIES WERE A MINOR ELEMENT OF TRADE CONTROL IN HIS COUNTRY AND LICENSING PROCEDURES WERE MORE IMPORTANT.

11. COMMENT: THE GHANIAN DELEGATE EVIDENCED NO REACTION TO THE PROPOSED CONTRIBUTIONS BUT ON THE OTHER HAND DID NOT REJECT THEM OUT OF HAND. THE FRANK ADMISSION THAT THE IMPORT DUTIES WERE NOT AS IMPORTANT AS THE GHANIAN LICENSING SYSTEM, MAY BE AN INDICATION THAT SOME TYPE OF CONTRIBUTION MAY BE FORTHCOMING. WASHINGTON AGENCIES SHOULD HOWEVER RE-EXAMINE REQUEST IF LICENSING A REAL CONSTRAINT AS IMPLIED BY GLOVER.MCNAMARA

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